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ADMITTED IN VA & DC

DIRECT E-MAIL ADDRESS
mvirtue@haleybp.com

February 11, 1999

OUR FILE NO.
0342-101-66

By Hand

Magalie R. Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TW-A325
Washington, DC 20554

Re: Satellite Delivery of Network Signals to Unserved Households for
Purposes of the Satellite Home Viewer Act
CS Docket 98-201; RM No. 9335; RM No. 9345

Written and Oral *Ex Parte* Communication

Dear Ms. Salas:

Please be advised that on behalf Corporation for General Trade, licensee of Station WKJG-TV, Fort Wayne, Indiana, undersigned counsel, along with James E. Dunstan of this office, the licensee's President Joseph A. Cloutier, WKJG-TV General Manager Robert A. Klinge, WKJG-TV Operations Manager Steven Buyze, and local charity ARC United CEO Steve Hinkle, met with Commissioner Furchgott-Roth and his legal advisor Helgi Walker, with Commissioner Ness and her legal advisor Anita Wallgren, with Jane Mago of Commissioner Michael Powell's office, and with Rick Chessen of Commissioner Tristani's office, on Wednesday February 10, 1999. A meeting with Marybeth Murphy of Chairman Kennard's office is planned for Friday, March 12, 1999. We left behind at the Commissioner's offices a copy of WKJG-TV's presentation binder, a copy of which is attached, which covers in more detail the subjects that were discussed at the meetings. In addition, we provided a videotape prepared by WKJG-TV regarding the importance to the community of preserving the ability of local media to reach the local audience.

No. of Copies rec'd. 0+1
List ABOVE

Magalie R. Salas, Secretary
February 11, 1999
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If there are any questions regarding this matter, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Melodie A. Virtue".

Melodie A. Virtue

Enclosures

cc: Duplicate Copy to FCC Secretary's Office

cc(w/o enc.): Helgi Walker, Esq.

Anita Wallgren, Esq.

Jane Mago, Esq.

Rick Chessen, Esq.

Marybeth Murphy, Esq.

MAV/blr

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OFFICE OF THE SECRETARY

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WKJG-TV

Serving the Public Interest



February 1999

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SHVA: Summary of Issues

Implementing the Predictive Grade B Model and revising the Waiver process

WKJG-TV wants every unserved household to have the opportunity to receive distant network signals while protecting all served households. The proposed predictive Grade B model is the most reliable and effective means of determining served/unserved households **PROVIDED** language is created to prevent satellite providers from using the waiver process to create confusion and ill will among consumers.

We want Unserved Households to be able to receive Distant Network Signals

WKJG-TV has granted more than 100 waivers to households who may be unserved. Given the **uniqueness** of this market and the fact that our Grade A Contour almost perfectly matches the DMA outline (see section 2) fewer than 1% of our market homes are considered unserved by the proposed Predictive Grade B model (see section 5). Over the last two years WKJG-TV has been subjected to an excessive number of illegal connects and forced to challenge over 6,000 Grade A Contour homes (2.5% of our total viewing audience)(see section 2).

Satellite Providers use of the Waiver process has led to consumer confusion and ill-will

Currently, satellite service providers use the waiver as a means of shifting responsibility for the elimination of service to the broadcast station. Correspondence from satellite companies to served households leaves the consumer with the impression that a simple waiver from the broadcast station will reinstate the distant network signal that was previously received illegally (see section 4). If satellite providers are able to continue this approach with regard to disconnects or new connections, it will undermine the effectiveness of a Predictive Grade B model. (see section 3).

Implement the Predictive Grade B model.

The Predictive Grade B model offers the most equitable and economical means of protecting served households while making it easier for satellite providers to market their service to unserved households. It is important that the waiver process within the Grade B Contour be initiated only after the satellite provider, through site testing, determines the legal eligibility of their prospective customer.

"Loser pays"

WKJG-TV recognizes and accepts the concept of "loser pays" however the responsibility for qualifying potential customers should be in the hands of the benefitting party.

Served households receiving Distant Network Signals have a negative impact on the community.

The illegal **siphoning** of viewers significantly erodes our primary revenue stream. It harms local advertisers' efforts to reach the entire community efficiently. It inhibits police, fire, education and governmental officials, as well as human service organizations from communicating with the greater Fort Wayne community. Local representatives surely understand the need for candidates' voices to be heard on the local level.

We think there are several technological alternatives.

The Dish Network is delivering a remote control that integrates the terrestrial television stations into the DSS system. Direct TV and PrimeStar have promised the same capability. The best alternative is "local to local". The question is: "Is there enough spectrum to uplink/downlink more than 1500 local stations?" Probably not today, but with better compression algorithms, it may be possible someday.

SHVA: Course of Action

Implementing the Predictive Grade B model and revising the Waiver process

WKJG-TV wants every unserved household to have the opportunity to receive distant network signals. However, we are equally committed to protecting all served households. We feel the proposed predictive Grade B model is the most reliable and effective means of determining served/unserved households PROVIDED language is created to prevent satellite providers from using the waiver process to confuse and agitate consumers.

Currently, satellite service providers use the waiver as a means of shifting responsibility for the elimination of service to the broadcast station. Literature provided to customers at the time of the legally-mandated disconnect suggests that service can be reinstated if the broadcast station provides a waiver. The literature does not provide any explanation of the legal requirements specified by SHVA nor does it mention the need for a signal test to determine eligibility. It also does not indicate any responsibility on the part of the satellite provider. As a result, consumers are led to believe that a phone call to their local broadcast affiliate requesting a waiver will get their service re-instated. To make this process even more effective satellite providers enclose form-letter waiver requests with a list of station addresses complete with station executive names. If satellite companies continue to implement the waiver process in this manner it will effectively undercut the purpose of the predictive model. Satellite companies could simply inform any customers within the Predictive Grade B to request a waiver from their local broadcaster in the same manner they do now resulting in continued consumer confusion and ill-will.

One stated goal of the Commission's plans for a Predictive model is to, "...make(s) it easier for the consumer to determine their eligibility ...at the time they subscribe to a DTH satellite service..." (FCC 99-14, page 30, paragraph 1). If agreement is met on a Predictive Grade B model specific consumer information should be required to be supplied to consumers by the satellite providers at the time of the disconnect/denial of service. This information should indicate the qualifying requirements of the law, an explanation of the signal test, and the likelihood of the consumer's ability to qualify for the waiver. Further, satellite providers must be prevented from referring customers to the local broadcaster UNTIL AFTER A SIGNAL TEST HAS DETERMINED THE CONSUMER LEGALLY QUALIFIES for a waiver. In no case should the satellite providers be permitted to continue to confuse viewers by means of misrepresenting the purpose of the waiver (and the responsibilities of the broadcast station) as this is counterproductive to the Commission's desires to make eligibility easy for the consumer to understand.

"Loser pays"

WKJG-TV recognizes and accepts the concept of "loser pays" however the responsibility for qualifying potential customers should be in the hands of the benefitting party. If satellite companies wish to sell imported signals they should have the initial responsibility of determining legal eligibility. If bonded testing indicates a "served" household they (not the consumer) should shoulder the test expense; if it determines an "unserved" household, we, the broadcaster pay. We further ask that responsibility for timely payment be clearly stated in the legislation rather than a reliance on litigation.

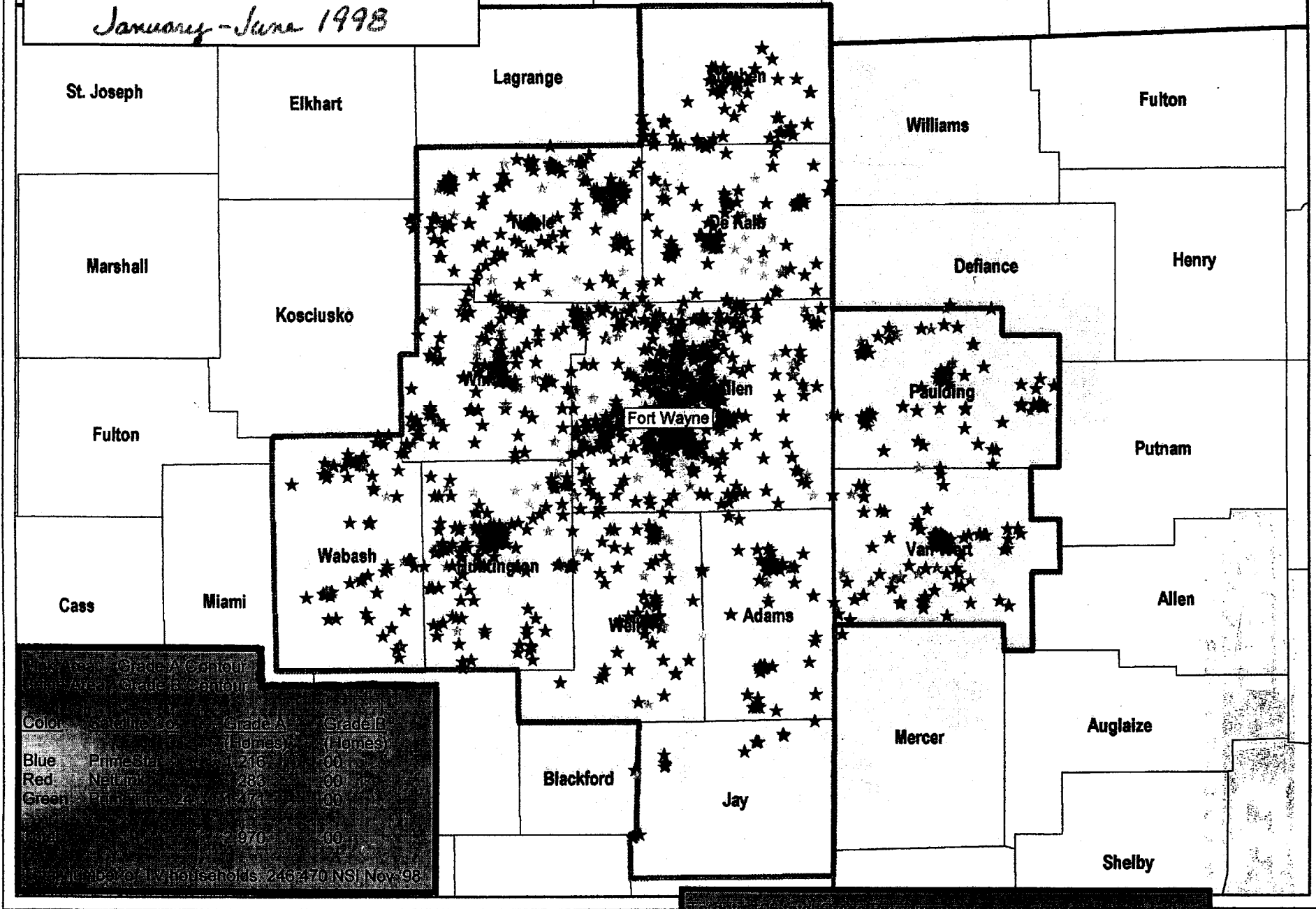


WKJG - Ft. Wayne

NBC Satellite Home Viewer Act GIS

January - June 1998

Network Distribution Contingencies

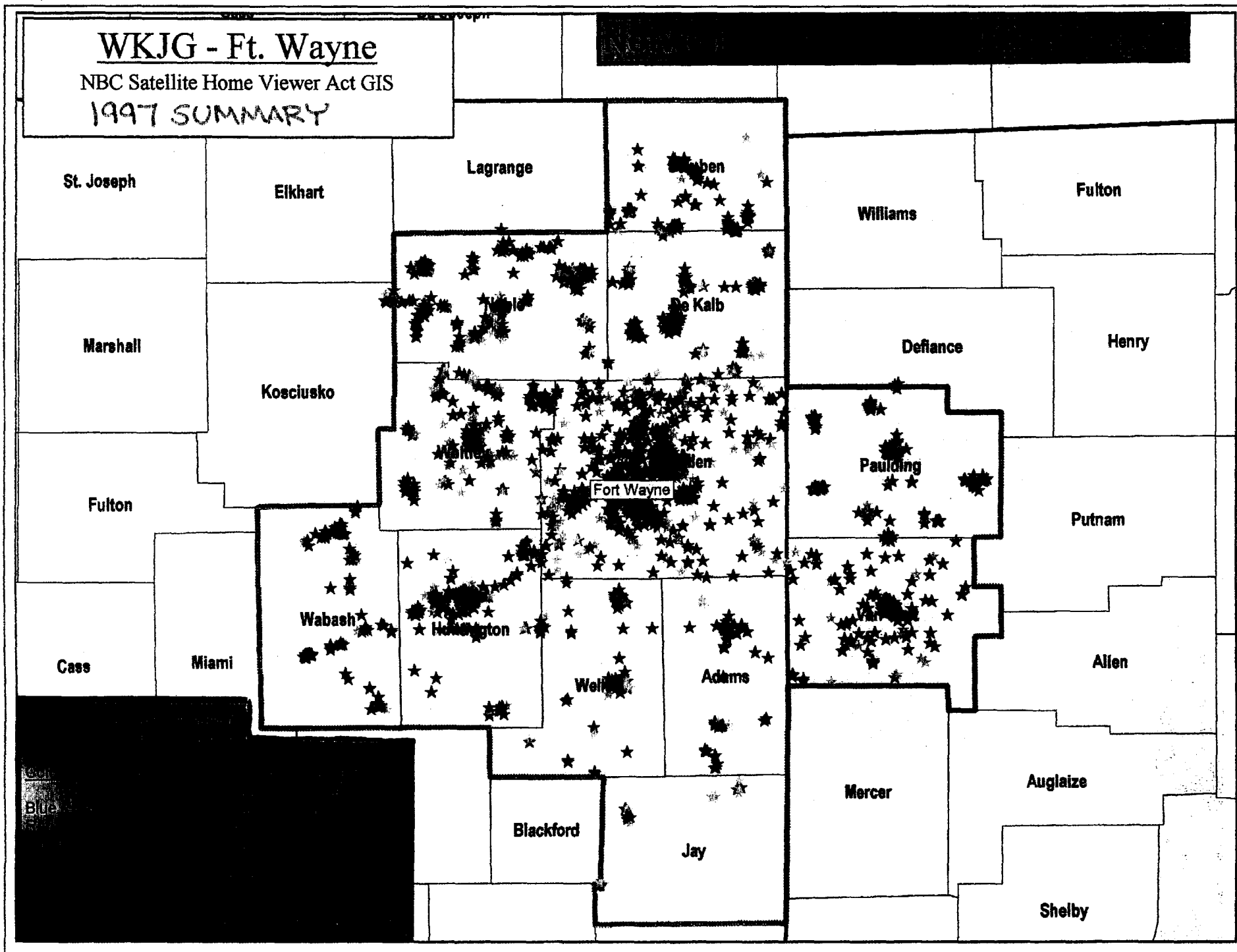


Copyright © 1998 NBC Universal Cable Group. All rights reserved. This map is for informational purposes only and does not constitute a contract or offer of service.

WKJG - Ft. Wayne

NBC Satellite Home Viewer Act GIS

1997 SUMMARY





You Can Have BROADCAST NETWORKS!



⇒ Write to the FCC Commissioners

Your family's right to receive network television (ABC, CBS, FOX, NBC, PBS) over your satellite system may be in immediate jeopardy. Recently, a Federal Court in Florida, at the request of the television networks, entered an order that will cause more than one million satellite television subscribers nationwide to lose their network service.

We need the Federal Communications Commission (FCC) to move quickly to ensure that consumers who cannot receive an acceptable network picture using a conventional outdoor rooftop antenna can continue to receive the clear reception that satellite services provides. **If you cannot receive clear network signals using an antenna, there are steps you can take to stop this unfair, anti-consumer shut-off:**

1. Ask them to establish a viewing standard that will ensure that all families who cannot receive an acceptable network picture using an conventional outdoor rooftop antenna can receive network programming via satellite. In addition, ask them to stop this unfair court order until the new standard is in place.
2. Let them know that you live in an area that the court defines as "predictive Grade B" and you cannot get a picture by using a conventional outdoor rooftop antenna, because of the distance you live from the broadcast tower, or because your reception is blocked by hills, mountains, or even tall buildings.
3. Explain to them that you are well aware of the fact that the Grade B contour was never intended to be used to determine whether or not a consumer can receive an acceptable picture. It was originally intended as a rough calculation to prevent broadcast signals from interfering with one another.
4. Finally, Congress asked the Commission for purposes of the Satellite Home Viewer Act to define "Grade B" for the purposes of protecting the right of every U.S. consumer to receive high-quality network service. It is now time for this definition to be accurately established!

WRITE CALL FAX OR SCREAM!!! WE WANT OUR NETWORKS!



SAMPLE Waiver Request

This is a SAMPLE letter including the information you need to send to your challenging network(s)

{DATE}

{_____ Network}

{Local Affiliate Call Letters}

{Address}

{City, State Zip}

Dear Sir/Madam:

As a PRIMESTAR customer, I was recently informed that my residence (where my satellite system is located) is located in a red zip code and thus I am ineligible to receive the satellite delivered distant network signal for {insert the network(s) - i.e., ABC, CBS, NBC, FOX}. Unfortunately, however, I am not able to receive your station's off-air signal with the use of a conventional roof top antenna because ____ {STATE THE SPECIFIC REASON, FOR EXAMPLE HOMEOWNER COVENANTS AGAINST ROOF TOP ANTENNA; GEOGRAPHIC OR STRUCTURAL IMPEDIMENTS}.

I very much enjoy the programming aired by {insert network(s) - i.e., ABC, CBS, NBC, FOX}, especially {LIST YOUR FAVORITE PROGRAMS AND LIST THE REASONS YOU WATCH THE PARTICULAR NETWORK}. I would like to request that you consider waiving application of the Agreement to allow me to receive the {insert network(s) - i.e., ABC, CBS, NBC, FOX} signal offered from PRIMESTAR.

In the event that you agree to waiving the Agreement for my particular circumstances only, please send written notification to me, in addition to the address or fax number below, at your earliest convenience, to ensure that my network channels are activated.

Customer Advocate Team
SHVA Waivers
P.O. Box 4097
Englewood, CO 80155-4097
Fax to: (303) 712-4491

Thank you in advance for your cooperation and assistance.

Very truly yours,

{Your Signature} *Eva M. Hatfield*

The following four (4) items are mandatory; without them, your request cannot be processed

{Your Name} *Eva M. Hatfield*

{Account Number} *89 70 17 012 001 7637*

{Address} *P.O. Box 47 500 Tipton St. Lot #4-D*

{City, State, Zip Code} *Lagro, IN 46941*

WAIVER REQUEST FORM

SECTION ONE: TO BE COMPLETED BY THE SUBSCRIBER

NAME Robert Carnahan
STREET ADDRESS
(where dish is located) 18732 Rd 1027
CITY, ST, ZIP
(where dish is located) Defiance OH 43512
SIGNATURE Robert L. Carnahan
DATE Dec. 8, 1998

SECTION TWO: TO BE COMPLETED BY THE LOCAL NETWORK AFFILIATE TV STATION

**PLEASE COPY THIS FORM ONTO YOUR LETTERHEAD BEFORE COMPLETING
OR ATTACH TO YOUR STATION'S LETTERHEAD TO SHOW AUTHENTICITY.**

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, AFFILIATE, an affiliate of the _____ network (the "NETWORK"), authorizes SUBSCRIBER, a subscriber of network satellite services, to receive at the address described above NETWORK signals by satellite for private home viewing. AFFILIATE acknowledges that SUBSCRIBER resides within AFFILIATE's "Grade B contour," and that SUBSCRIBER does not receive an over-the-air signal of Grade B intensity from AFFILIATE. AFFILIATE waives any right to challenge SUBSCRIBER's reception of NETWORK signals by satellite and consents to the reception. This Agreement shall terminate on _____ or upon revision of the SHVA to permit the retransmission of network signals by satellite as provided herein. Each party represents that it has the authority to enter into and be bound by this Agreement. This Agreement shall be construed and its validity determined by the laws of the State of _____. This Agreement constitutes the entire Agreement and supersedes all prior Agreements, understandings and representations, both oral and written, between the parties with respect to the subject matter of this Agreement. This Agreement is effective as of the latest date listed below.

CALL SIGN _____

CHANNEL NUMBER _____

STREET ADDRESS _____

CITY, ST, ZIP _____

NAME _____

TITLE _____

SIGNATURE _____

DATE _____

6-10-98



November 18, 1998

LINDA WINTERROWD
19 JADE RD
HUNTINGTON, IN 46750-3943

|||||

Dear LINDA WINTERROWD:

Thank you for requesting ABC, CBS, FOX, NBC or PBS networks from us. This letter explains which services we are allowed to provide to you.

Federal law allows us to offer a broadcast network service only to customers who meet two qualifications: First, they must not have received cable TV service within the past 90 days. Second, they must not be able to receive an over-the-air signal of at least "Grade B" intensity of that network from a local TV station. To determine whether you receive "Grade B" local broadcast signals, we now must estimate your ability to get broadcast signals using an eligibility test specified by a federal court. The results of that estimate are on the back of this page.

What to do if we cannot provide you with broadcast networks

Many of our customers can get local TV stations with a rooftop antenna. These are inexpensive and easy to find. An electronics retailer can explain what kind of antenna is best for you.

On the back of this page is a list of TV stations you should receive, according to statistics on TV reception in the United States that the court has required us to use. If you cannot receive one or more of these stations and you would still like network services from us, you may write to the local TV stations identified on the back of this page and request a waiver. Please note that the TV stations are not required to grant you a waiver. Send any waivers you get to this address:

DIRECTV Customer Service
Attn: Broadcast Network Waiver
P.O. Box 92600
Los Angeles, CA 90009

Please put your DIRECTV account number and phone number on the envelope and your waiver.

How to voice your opinion

If you feel the rules about access to broadcast networks are unfair, make your opinion known. You can call your representatives in Washington through the U.S. Capitol switchboard at (202) 224-3121. Or look in the U.S. government pages of your local phone book for your U.S. Senators' and U.S. Representative's local phone numbers. You also can call the Federal Communications Commission at (888) CALL FCC—that's (888) 225-5322.

Sincerely,
DIRECTV® Customer Service

Your Eligibility for Broadcast Network Services

The local TV stations listed below provide at least a "Grade B" signal to you, according to estimates of TV reception in the United States. We are required by a federal court to use this test. If you cannot receive one or more of these stations, and believe you should be eligible to receive that station's national network from DIRECTV, you may request a waiver by calling or writing the station.

General Manager
WPTA (ABC)
3401 Butler Rd
Ft. Wayne, IN 46808
(219) 483-0584

General Manager
WKJG-TV (NBC)
2633 W State Blvd
Ft. Wayne, IN 46808
(219) 422-7474

General Manager
WANE-TV (CBS)
PO Box 1515
Ft. Wayne, IN 46801
(219) 424-1515

General Manager
WFFT-TV (FOX)
PO Box 8655
Ft. Wayne, IN 46898
(219) 471-5555

General Manager
WFWA (PBS)
3632 Butler Road
Fort Wayne, IN 46808
(219) 484-8839

If you request a waiver in writing, send the TV station the following information:

1. Your name
2. The street address where you receive DIRECTV service
3. The reason you are asking for a waiver (for example, you cannot receive their signal)
4. Ask the TV station for written response to your request for a waiver

Letter Ack

02/11/07



4



To Whom It May Concern:

Direct TV has informed us that we must get a waiver from the TV stations to keep receiving the stations from our Sony Satellite. Out of the four TV's that we have in our house, they all receive local stations very well except for one. We live in a housing addition that does not permit outside antennas. We have tried an inside antenna, but we still receive interference with the local programs. We would really appreciate if you could send us a waiver, in the enclosed self-addressed envelope. If you have any questions, please feel free to call us at our business phone, 744-4982, or at home, 485-4959. Thank you very much.

Sincerely,

Thomas Barto

Thomas Barto
9618 Skipjack Cove
Fort Wayne, Ind. 46835

Eric Shroyer
1202 Sinclair St.
Ft. W. IN 46808
(219) 424-6331

Jan. 2, 1999
General Manager
WKJG-TV (NBC)
2633 W. State Blvd.
Ft. W. IN 46808
(219) 422-7474

Dear General Manager-

My name is Eric Shroyer, I live at 1202 Sinclair, FT.W. IN 46808. At this address, I receive DIRECTV services and I am not able to receive your television signal. I am writing this letter in request for a waiver in order for DIRECTV to provide me with your signal. I must submit a written response from you on this matter to DIRECTV. Therefore, I would sincerely appreciate it if you would respond back to this request for a waiver to my address above. I thank you for your consideration of this matter.

Sincerely,

Eric J. Shroyer
Eric J. Shroyer

WKJG
ATTN: STATION MANAGER
2633 STATE BLVD.
FORT WAYNE, IN 46808

DECEMBER 26, 1998

DEAR SIR/MADAM:

AS A PRIMSTAR CUSTOMER, I WAS RECENTLY INFORMED THAT MY RESIDENCE (WHERE MY SATELITE SYSTEM IS LOCATED) IS LOCATED IN A RED ZIP CODE AND THUS I AM INELIGIBLE TO RECEIVE THE SATELITE DELIVERED DISTANT NETWORK SIGNAL NBC. UNFORTUNATELY. HOWEVER. I AM NOT ABLE TO RECEIVE YOUR STATION'S OFF-AIR SIGNAL WITH THE USE OF A CONVENTIONAL ROOF TOP ATENNA BECAUSE THERE ARE TREES AND OTHER OBSTACLES IN THE WAY. THE LOCAL CABLE PROVIDER STATED THAT THEY COULD NOT GIVE US A GOOD PICTURE EITHER.

I VERY MUCH ENJOY THE PROGRAMMING AIRED BY NBC. I HOPE YOU WILL CONSIDER WAIVING APPLICATION OF THE AGGREETMENT TO ALLOW ME TO RECEIVE THE NBC OFFERED FROM PRIMESTAR.

IN THE EVENT THAT YOU AGREE TO WAIVING THE AGREEMENT FOR MY PARTICULAR CIRCUMSTANCES ONLY, PLEASE SEND WRITTEN NOTIFICATION TO ME, IN ADDITION TO THE ADDRESS OR FAX NUMBER BELOW, AT YOUR EARLIEST CONVENIENCE, TO ENSURE THAT MY NETWORK CHANNELS ARE ACTIVATED.

CUSTOMER ADVOCATE TEAM
SHVA WAIVERS
P. O. Box 4097
ENGLEWOOD, CO 80155-4097
FAX TO: (303) 712-4491

THANK YOU SO VERY MUCH,


DONALD L. LOUTH

ACCOUNT NUMBER 8970 10 012 0163974
1725 CENTRE STREET
WOODBURN, IN 46797
(219) 632 4105

12/17/98
Deb & Josh Lankford
2921 Oakwood Drive
Fort Wayne, IN 46816

WKJG-TV (NBC)
General Manager
2633 W. State Blvd.
Ft. Wayne, IN 46808


Dear Sir or Madam,

We own a DIRECTV satellite system, and have noticed that our reception of your station is less than desired for our routine viewing, despite many different antennas. We are therefore requesting a waiver from you to allow us to receive network broadcast thru our satellite.

We look forward to continuing viewing your local news and special broadcast in addition to the national broadcast system.

If you would please provide a written waiver or response why it's not allowed as soon as possible, we would appreciate it greatly.

Sincerely,


Josh & Deb Lankford

December 10, 1998

General Manager
WKJG-TV
2633 West State Blvd.
Fort Wayne IN 46808

Dear Sir:

Fed up with the poor service and increases of Comcast, I became a DIRECTV subscriber in August. However, my reception of your station is now very poor; this seems to be dependent on the time of day and weather condition. Because of this, I am requesting a waiver so I may receive the NBC affiliate through the satellite.

Thank you in advance for your assistance in this matter. If you have any questions, please feel free to phone me at 490-1634.

Sincerely,



Sue Kristek
1634 Coronado Court
Fort Wayne IN 46845



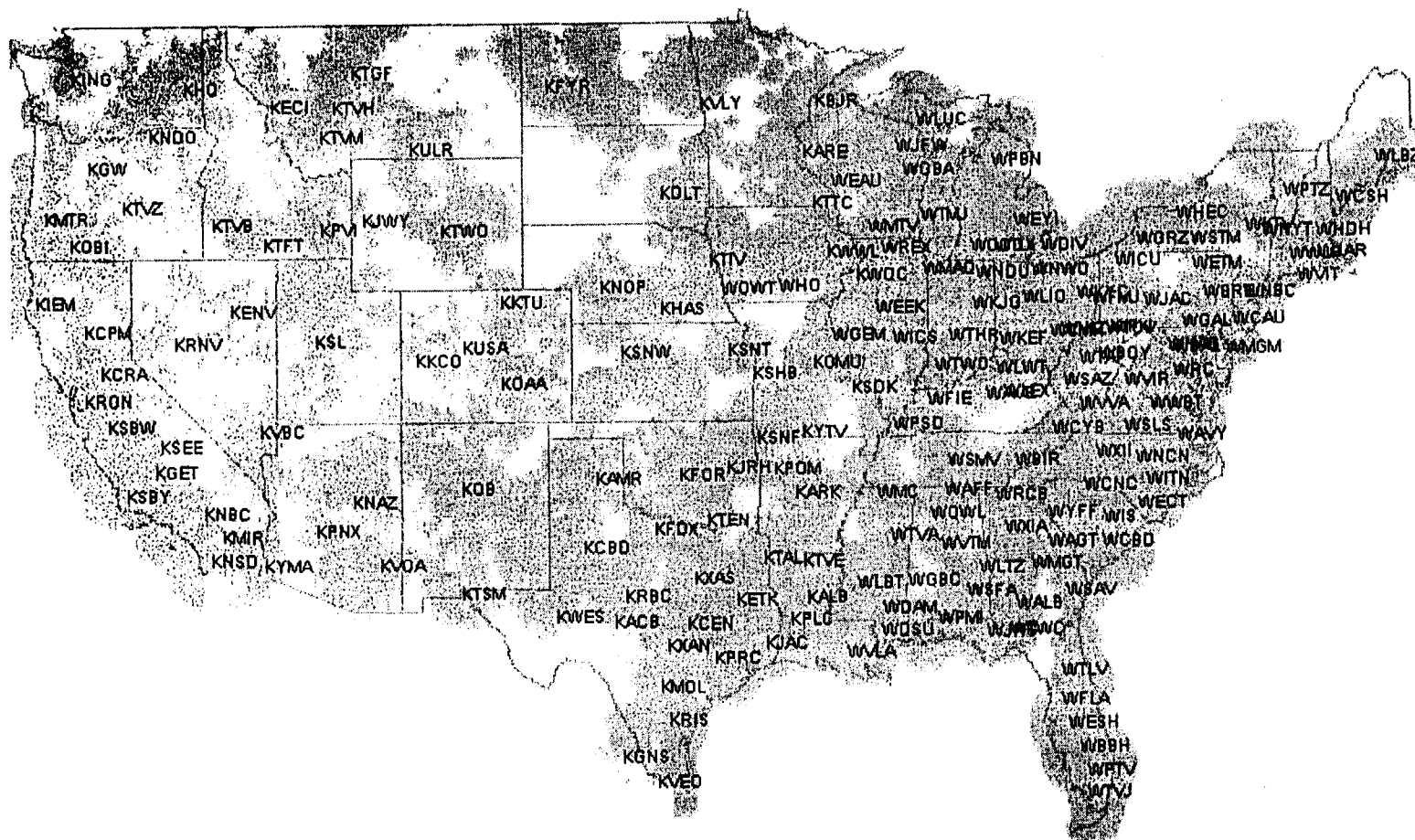
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NBC National White Area Map



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Regarding: Carriage of the Transmissions of Digital Television Broadcast Stations

Without digital must-carry on cable, there will not be any viable DTV.

If DTV signals are not carried on cable systems, 66% of households will be blocked from DTV reception. In order to attain the 15% market penetration level set forth in the DTV requirements, 44% of non-cable households must have a DTV receiver. That level is **impossible** to achieve in the foreseeable future.

The burdens imposed by DTV must be shared by cable.

WKJG-TV is a small single-owned station **equivalent** to the smallest cable operations. If cable does not upgrade now, WKJG-TV may not be there when they do upgrade due to market forces.

Retransmission consent will not solve the bottleneck problem.

There is no **incentive** for the cable companies to negotiate in good faith. Part of an aggressive build-out is to increase consumer demand for the new technologies. Without consumer demand, the cable companies have no incentive to carry DTV.

Immediate carriage proposal is consistent with the 1992 Act.

In the beginning of cable, broadcasters were required to provide their signals free of charge to help the infant industry. Now the **shoe** is on the other foot. Broadcasters need the cable companies to give up some channels to help an infant industry (DTV).

Signal quality issues are critical in this proceeding.

Quality includes formats as recognized by the rules in allowing many formats. Whatever **quality (format) level** the broadcaster chooses to embrace, it must be the quality (format) level delivered to the home.

Cable must carry all of the DTV signal.

In the digital (bits) world, it is impossible to determine if a particular bit is data, video, or audio. The cable companies must **deliver** the complete transmission to the home.

Consumer-friendly notification requirements are very much needed.

The broadcast industry cannot again **suffer** the public beating, nor deal with another avalanche of misinformation as it had with SHVA.



The Public Interest Obligation of Broadcasters, Who Will Watch?

According to Congress and the Supreme Court because of the scarcity of broadcast licenses it is incumbent upon the licensees to operate in the public interest. The scarcity referred to is a scarcity on the supply side of the public interest equation, the scarcity of purveyors that requires them to act in the public interest.

What about a scarcity on the demand side of the public interest equation? A scarcity of viewers. Let's put aside for the moment the argument of how much and what type of public service programming is sufficient in the community of license. It makes no difference how much public service programming is broadcast if there is a scarcity of viewers.

We would postulate that if;

1. the DBS operators are allowed to sell network programming (ABC, CBS, NBC, and FOX) within the Grade B contour of terrestrial network broadcasters ,and
2. if cable operators within the DMA of terrestrial broadcasters are allowed to deny the broadcaster's signals from their systems

then there will be a scarcity of viewers for whatever type of public service programming the licensees are obligated to broadcast.

The technology of broadcasting is becoming ever more complicated, but consumers are becoming ever more resistant to having to learn the technology in order to utilize it (i.e. who knows how to set the clock on the VCR?). Manufacturers and the suppliers of technology are aware that the public wants their technology to be advanced, but simple to use. In the early days of television the viewer had two controls to operate - the tuner knob and the antenna rotor control - to obtain whichever of the three or four channels they desired to watch. Today the viewer has the possibility of operating the TV tuner to

select any of the three to twelve broadcast stations or the "Channel 3/4" option to select the cable or satellite box so that another 30 to 210 channels can be selected. The antenna selector switch must also be properly set to route the signals to the correct destination. Of course if the viewer would like to record one program while watching another then the permutations of connections and switches is doubled.

In Fort Wayne, Indiana over eighty percent (80%) of the cable population is served by two (2) cable operators, Comcast and Triax. Many cable companies have stated they do not want to carry broadcaster's second signal. What percentage of these cable subscribers will install the indoor or outdoor antenna, A/B switch, and cabling necessary to receive an over-the-air signal? How quickly will the cable subscribers convert to digital television with no easily obtained digital signal? If cable companies are themselves converting to digital transmission to compete with direct broadcast satellite and thereby reaping the benefit of increased channel capacity and planning for 2-way broadband service, why is it asking too much of them for broadcasters to have a full second channel for the transition period?

If we look at the direct broadcast satellite provider we also see a simpler method of enjoying technology, a simple system of control. No rotors, no antenna switches, no television tuner/satellite receiver tango to perform. Just the satellite remote control and 210 channels - including all the great national network programs. How easy! How does the viewer get local news, local weather, local information, and local public service programming? Well, they can get it from the radio or the newspaper if pictures aren't important or time isn't urgent. The percentage of the population that chooses to, and still can, receive the local broadcast station will receive their local public service programming, the local news, weather and sports as well as the ubiquitous political advertising. The question is, will enough of these viewers remain to support our news gathering staff who are the source of over 90% of the public interest programming we broadcast. We are not free over-the-air broadcasters. We are an advertiser supported, broadcaster of national and local entertainment and local news, weather and public service programming provided free to our local community.

The Cost of Free Television

WKJG-TV paid out over six million dollars in 1998 to provide our "free" signal. Almost fifty percent of that expense is payroll.. Our income is solely from our advertisers, not from the viewer and not from the government. Advertisers pay for viewers. Cable operators and direct broadcast satellite operators also sell advertising. If we can not provide sufficient numbers of viewers to our advertisers our income drops and at some point we will no longer be able to support all the staff we have now. The greatest number of people working in our station work in the news and production departments, non-required departments. We could save over two million dollars, or one-third of our annual expense by eliminating our news department. We can't eliminate the other expenses and stay on the air.

In 1998 Comcast of Fort Wayne had annual subscription revenue in excess of the net advertising revenues of all four Fort Wayne network television stations combined. Comcast Cable on the other hand only services 35% of WKJG-TV's service area (DMA). Comcast produces no local news or weather or public interest programs. They depend on the local television stations to provide those services.

Broadcasters are accused of not broadcasting anywhere near enough hours of public interest or children's programs to justify the free use of additional spectrum. We are called "free over-the-air broadcasters" as if there is no cost involved in producing and transmitting this signal to the public. Broadcasters were given their original spectrum by the government in return for providing for the public interest and in return for developing at their own expense a new industry that had never before existed! There was no measure of the possible success or failure of television. Today the cost versus benefit of new frequency utilization can be approximated based on historical data. The cost and risk have risen dramatically with the advent of digital television. We estimate that it will cost us between 3 and 7 million in capital costs to transition to digital and over 60 thousand annually to operate dual signal streams through the transition period. Our only way to cover these costs is by selling advertising. We can't charge a fee to

subscribers and we can't pass our capital costs along as equipment rental to them. We do not shirk from our obligation to provide public interest programming to our community. In 1998 over 11% of WKJG-TV's programming was dedicated to local news, weather, public affairs, and children's programming. During that time the station also broadcast over 10,000 public service announcements most of which we produced at no cost to the benefitting organization. The sale of advertising enables us to produce this type of programming. The number of viewers we have determines how much advertising we can sell and the transmission of well produced local programming and national entertainment programming garner our audience. Comcast commands a larger portion of revenue just from cable fees charged to the consumer (not to mention other revenue streams such as ad revenue, channel leasing, and production revenue) than all four of the network affiliates put together. At the same time, less than 7% Comcast's bandwidth is dedicated to local programming, little of which is produced by Comcast. Additionally Comcast employs 150 people while the four network local affiliates together employ over 350 people.

Cable promised the viewer a better picture from the local stations with less bother (the antenna, rotor, tower) as well as additional programming. The poor, snowy, reception of the early years of television was replaced by the clearer cable picture. The antenna, indoor or outdoor, became a thing of the past. Cable introduced expanded channel capacity and the set-top box, however there was no connector for an antenna on that box. At that time cable created a gate through which all programming had to pass. Broadcasters must now demand or barter their way onto the cable lineup like any other program venue. Broadcaster's only recourse to losing its cable channel, its gateway into the home, is to resurrect the antenna. However, unlike the direct broadcast satellite operator who sells or rents the viewer a receiver/antenna combination which replaces the entire cable box and its wiring, the broadcaster must convince the viewer to buy and install an additional antenna and wiring which must be somehow hooked up in conjunction with the cable box or satellite receiver. And, unlike the cable operator and satellite operator who sells or rents its equipment to the viewer and collects a fee from the programmer and collects advertising dollars from the same clients as broadcasters, the broadcaster's sole income source is the advertiser who counts the viewers as a measure of its success.



Cable Systems in the Fort Wayne DMA

By City

<u>Cities</u>	<u>State</u>	<u>Cable System</u>	<u>Subscribers</u>	<u># of Channels</u>
Albion	IN	Triax	700	40
Angola	IN	Triax	4,480	40
Antwerp	OH	Triax	1,200	40
Auburn	IN	Triax	4,950	40
Berne	IN	Americable	1,100	40
Bluffton	IN	Triax	3,000	40
Butler	IN	Triax	650	40
Churubusco	IN	Triax	950	40
Columbia City	IN	Triax	1,600	40
Decatur	IN	Triax	3,250	40
Fort Wayne	IN	Comcast	83,000	80
Huntington	IN	Century	5,300	40
Kendallville	IN	Triax	2,700	40
North Manchester	IN	Triax	1,600	40
Paulding	OH	Frontiervision	1,150	40
Portland	IN	Americable	3,900	40
Rome City	IN	Triax	1,150	40
South Whitley	IN	Triax	500	40
Spencerville	IN	Triax	1,250	40
Van Wert	OH	Frontiervision	3,800	40
Wabash	IN	Marcus	4,800	40
Warren	IN	Warren	500	40

Total Cable Homes 131,530

By Cable Company

<u>Cable Company</u>	<u>Subscribers</u>	<u>% of Cable Market</u>	
Comcast	83,000	63.1 %	
Triax	27,980	21.3 %	Top two = 84.4%
Century	5,300	4.09 %	
Americable	5,000	3.8 %	
Frontiervision	4,950	3.8 %	
Marcus	4,800	3.6 %	
Warren Cable	500	.4 %	
Total Cable Homes	131,530	100 %	

